Diluting the textiles debt recast scheme

1247. SHRIMATI N.P. DURGA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that IDBI diluted the Textile Debt Recast Scheme;

(b) whether it is also a fact that IDBI is going to charge 9 per cent interest on unmet repayment commitments;

(c) if so, the details thereof; and

(d) in what manner it affects the small and medium textile units in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No Sir. IDBI Ltd. as a lender has been implementing Debt Restructuring Package (DRP) for textile units as per guidelines issued by Government in September, 2003.

(b) and (c) Government announced DRP stipulating *inter-alia* that interest @8-9 per cent per annum may be charged on outstanding high cost non Technology Upgradation Fund Scheme (TUFS) loans. IDBI has accordingly chosen to stipulate a rate of 9 per cent per annum keeping in view its cost of funds etc.

(d) The scheme will reduce the cost of funds of textile units in the country.

New bond scheme for senior citizens

1248. SHRI MANOJ BHATTACHARYA: Will the Minister of FINANCE be pleased to state:

(a) whether the Government have issued a new bond scheme for the senior citizens and if so, the details thereof;

(b) whether the interest earned under the scheme have been exempted from Income Tax;

(c) if not, the reasons for not exempting the senior citizens from tax liability in respect of their hard-earned money whose interests form the major source of their livelihood; and

(d) whether the matter is likely to be reviewed in this perspective and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. A Senior Citizens Savings Scheme, 2004 has been introduced by the Government with effect from 2nd August, 2004. Main features of the Scheme are as under:

(i) Person of 60 year of age and above are eligible to invest. Single or joint account (with spouse) can be opened.

(ii) Persons who have retired from service and have attained the age of 55 years or more but less than 60 years are also eligible to invest, subject to conditions.

(iii) Deposit in multiples of Rs. 1000 subject to a maximum of Rs. 15 lakh is allowed.

(iv) The deposit carrier interest at the rate of 9 per cent per annum.

(v) The maturity period of the deposit is five years, extendable by another three years subject to conditions.

(vi) Premature withdrawal is allowed, subject to conditions.

(vii) The investment is non-tradable and non-transferable. However, nomination facility is available.

(viii) The scheme is available at post offices and designated branches of public sector banks.

(b) No, Sir.

(c) and (d) The senior citizens enjoy specific concession under the Income-tax Act. further, the rate of interest under the Senior Citizens Saving Scheme is higher than the rate available under other savings instruments.

Financial health of States

†1249. SHRI DWIJENDRA NATH SHARMAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the financial health of several State Governments and particularly of Assam is in poor state; and

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†Original notice of the question was received in Hindi.